

HOME EDITION

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Star-Bulletin

Rewald Is Found Guilty; 480-Year Term Possible

Convicted of Fraud, Tax Evasion and Perjury

By Charles Memminger
Star-Bulletin Writer

Ronald Rewald woke up in the Oahu Community Correctional Center this morning convicted of 94 counts of mail and securities fraud, tax evasion and perjury.

It took more than two years for the 43-year-old would-be investment counselor and self-appointed CIA agent to make his trip from fast cars, hot women and executive suites to the cell-block.

Rewald had combined the teachings of Charles Ponzi and the dreams of Walter Mitty to forge his own version of the American dream. He claimed that the CIA wanted him to live an extravagant lifestyle made up of polo, ranches, mansions and indoor waterfalls in order to rub elbows with international businessmen.

He took \$22 million from 400 investors with lies and promises, not because he wanted to, but because of his CIA mission, Rewald claimed.

But at 2:15 p.m. yesterday, in a courtroom called "Aha Kupo," which means "justice," a federal court jury said it did not believe Rewald's grand claims. It took the jury only 2½ days, or about 15 hours of deliberation, to reach its verdict.

The dream was over.

REWALD DID NOT look at the jury or U.S. Judge Harold Fong as the verdict was read. He showed no emotion as Fong pronounced him guilty of 94 of 98 counts. The jury acquitted him of four of the more obscure counts relating to Rewald's assurances to four people that their investments were insured by the Federal Deposit Insurance Corporation.

There was no documentary evidence to go with those counts and the jurors couldn't remember the testimony related to the charges. In a trial that spanned 11 weeks and included some 140 witnesses, one juror said he "couldn't even remember if they (the four witnesses) showed up."

The jury found that Rewald

had lied about the extent of his CIA connections, that he had deliberately stolen money from widows, a blind man, an invalid and others left destitute.

Rewald faces a maximum of some 480 years in prison and more than \$1 million in fines when he is sentenced on Dec. 9. Federal Public Defender Michael Levine asked Fong to let Rewald remain free on bail pending the sentencing.

Fong declined.

HE SAID REWALD had taken part in a "systematic plan to take advantage of persons through his charm and ability to communicate with the aged and handicapped."

Fong said it will be up to Rewald's attorneys to prove that Rewald will not flee if allowed to be free pending sentencing or appeal. They also will have to show that Rewald is not a danger — including an economic one — to the community.

Fong told the jury he thought "there was more than sufficient

evidence to sustain" the guilty verdict.

Assistant U.S. Attorney John Peyton said he would fight any attempt by Rewald to go free pending appeal. He told the judge that the government would produce evidence showing that Rewald convinced people to give him money even while awaiting trial.

"What we can say is that we are in possession of information that Mr. Rewald was able to come into possession of substantial sums of money while he was out on bond," Peyton said outside of court.

Reaction to the verdict was predictable. Government attorneys congratulated each other for the win. Rewald's attorneys vowed to continue to fight.

"MR. REWALD WAS the consummate con man who almost got away with it," Peyton told a gaggle of news reporters outside court.

He said the CIA should have
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Rewald Sent to Prison by Judge

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learned a lesson from Rewald.
"The lesson is to be a little more careful and don't be quite as trusting as you might have been of a fellow like Mr. Rewald, who's a very smooth talker," Peyton said.

Peyton said he was sure the expense of the trial was high, but said "I'm sure it was justified based on the ability of Mr. Rewald to pull off a crime of this magnitude."

Thomas Hayes, administrator of Rewald's bankrupt company, said he thought the trial had a predictable conclusion.

"IT WAS THE only fair outcome as far as investors are concerned," Hayes said.

Hayes has a multimillion-dollar bankruptcy claim against the CIA but said nothing came out in trial that will really help that claim.

Hugh Fraser, who led a group of fellow investors to U.S. Bankruptcy Court days after BBRD&W collapsed to force the company into bankruptcy, also said he is not hopeful that investors will be able to recoup any of their losses from the CIA.

"I would be happy to be proven wrong," he said. "But from the beginning, I didn't believe any (substantial) CIA involvement existed."



CONVICTED—Attorneys for Ronald Rewald say they plan to appeal after a federal jury yesterday found him guilty of 94 counts of mail and securities fraud, tax evasion and perjury.
—Star-Bulletin Photo by Ken Sakamoto.

Rewald Appeal Seen; CIA Tie Still Questioned

By Charles Memminger
Star-Bulletin Writer

Ronald Rewald's attorneys see his conviction on 94 counts of fraud, perjury and tax evasion yesterday as a predictable part of what will be a continuing legal battle.

There was talk of appeal days before the verdict was returned. Rewald spent the final days of the trial scribbling notes to his family and friends in preparation for an immediate trip to jail once the verdict was returned.

Although neither Federal Public Defender Michael Levine nor his deputy, Brian Tamanaha, would say it, it has been clear that Rewald supporters do not think he got a fair trial.

Rewald's attorneys hinted throughout the trial that they thought the CIA destroyed evidence and covered up its involvement with Bishop, Baldwin,

Rewald, Dillingham & Wong. Anonymous Rewald supporters secretly distributed pamphlets charging that U.S. Judge Harold Fong was working with the CIA. The fact that Assistant U.S. Attorney John Peyton used to work for the CIA further fueled the conspiracy buffs' theories of a government plot to put Rewald away.

It is clear that although the trial is over, the Rewald case is not going away and will continue to be a subject of controversy.

REWALD WAS led from the courtroom yesterday by U.S. Marshals, after Fong refused to let him continue to remain free. Rewald showed no emotion and, in fact, never looked at the jury before or after the verdict was read.

"I think he (Rewald) was deeply affected," said Levine. "But in all honesty, I don't think (the

verdict) came as a surprise. Based on the evidence that was presented, I can't say that the jury verdict was unexpected."

Levine and Tamanaha objected throughout the trial to Fong's limitations on what CIA evidence could be shown to the jury. Fong ruled early on that only CIA information that showed the CIA controlled, directed or managed investors' money could be introduced into evidence.

Rewald declined to take the witness stand after Fong refused to let him testify about a wide range of CIA-related activities. Rewald claimed to have been involved in while head of Bishop, Baldwin. Rewald decided that either he would get to tell his whole story or none at all.

"The question is, do you believe they (the jurors) got the whole story?" Tamanaha said

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CIA's Relationship With Fong Controversy

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after the verdict was returned. "My answer is no. I don't know what the whole story is . . . but certainly, the fact that much of the evidence was ruled out would indicate that there was something else."

WITH IT MORE or less accepted by defense attorneys that Rewald would be found guilty, plans already were being made for the appeal. Tamanaha and Levine would not say specifically, however, what the appeal issues are.

"The primary focus of the appeal will be based on the CIPA (Classified Information and Procedures Act) proceedings,"

Tamanaha said. He said the 2-year-old act, which dictates how trials proceed in which classified information is used, had never reached the trial stage before the Rewald case.

It was during the months of closed CIPA hearings that Fong made his decisions about what CIA documents and testimony would be allowed during trial. By the time trial began, all of the CIPA issues were supposed to have been settled.

Nevertheless, the courtroom often was disrupted by arguments between attorneys and the judge about what documents should be presented to witnesses. The tense situation culmi-

nated in Fong's notice that Levine and Tamanaha would face contempt of court hearings at the conclusion of the trial. That prompted emotional pleas by Levine to be removed from the case, saying he had been ineffective as Rewald's attorney.

YESTERDAY, LEVINE said that Rewald still may appeal to the 9th U.S. Circuit Court of Appeals based on the "ineffective counsel" theory.

Asked if he thought he had been ineffective, Levine said, "We could have well used the services of an attorney versed in the Classified Information and Procedures Act. We could have well used and sorely missed the

services of Brent Carruth."

Carruth is a California attorney who represented a Virginia man in a federal spy case last year. After a federal judge ruled certain documents admissible in that case, the government appealed, stopping the case from going to trial. Carruth then attempted to join Rewald's defense team but was barred from doing so because of a conflict of interest.

Although Levine says he could have used Carruth, he also praised Tamanaha's work in the Rewald case.

"HE DID THE BULK of the CIA work and I think he did an excellent job," Levine said.

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JURY FOREMAN—Walter Johnson Jr. answers questions from reporters outside the federal courthouse yesterday after a jury convicted Ronald Rewald of defrauding investors of millions. The trial lasted 11 weeks. —Star-Bulletin Photo by Dean Sensui.

Tuesday, October 22, 1985 Honolulu Star-Bulletin A-9

Jurors in Rewald Case Describe Deliberations Leading to Verdict

By Charles Memminger
Star-Bulletin Writer

Sitting as a juror through a trial like the 11-week Ronald Rewald case was "sort of like owning a convertible," jury foreman Walter Johnson Jr. said yesterday.

"Everybody should do it once, but once is enough," Johnson said.

The five-woman and seven-man jury needed only 2½ days to reach a verdict on the 98 counts facing Rewald. The jurors interviewed as they left federal court yesterday indicated that once they discounted Rewald's claim of substantial CIA involvement in his company, the deliberations went quickly.

"First we decided all the hard problems," said juror Brian Walczak. "Once we solved them, we just went through the charges."

A vote after the first hour of discussions on Thursday afternoon showed about seven jurors in favor of conviction and the rest undecided, according to Walczak.

Government attorneys specu-

lated on Friday that the jury might be moving quickly because it came back to court that afternoon with questions about counts in the 80s and 90s.

"We worked through generally from beginning to end," said Johnson, a charterboat skipper and former military judge. "Those we wanted more discussion on we skipped and came back and picked up later."

THERE WAS substantial discussion on the perjury charges, related to Rewald's claim that the CIA set up and ran his company and that the CIA had supplied him with fake Marquette University diplomas as part of his alleged "cover."

"We looked at it (the CIA defense) from all angles and decided to discredit most of it," Johnson said. "There was no evidence to support it."

"As far as the record showed, it (the CIA) was a very light connection," said Edison Ubaldo.

"The CIA connection would have helped him for the perjury (counts), but I don't think it matters in any of the other

charges," Walczak said.

He said jurors thought the CIA connection to Rewald was "bigger than the government was trying to make it but smaller than the defense tried to make it."

Johnson said he believed the three CIA field-office chiefs who testified during the trial that Rewald provided only light cover and telephone "backstopping" for the agency.

"There might have been one or two points they hedged on," Johnson said. "But the overall impression I got was that they told the truth."

HE SAID HE didn't believe there was any evidence to support Rewald's claim that his company was in the middle of a clandestine \$10 million military-arms deal at the time of the collapse.

"It never really came up," Johnson said. "It kept being alluded to, there was never any evidence brought out to confirm or deny the arms deal."

Johnson said he also was not affected by the fact that Rewald



Brian Walczak
Rewald juror

did not take the stand.

"Didn't make no particular difference to me," he said.

As for the four counts on which Rewald was acquitted, Walczak explained: "They made the mistake of bringing those people (the four investor witnesses) in at the beginning of the trial and we couldn't even remember if they showed up."